SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

NOTICE OF PUBLIC WORKSHOPS REGARDING SCAG'S INTEGRATED GROWTH FORECAST/ REGIONAL HOUSING NEEDS ASSESSMENT

The Southern California Association of Governments (SCAG), in cooperation with the respective subregions within the SCAG region, will hold a total of fourteen (14) public workshops for local jurisdictions, members of the public, and interested parties to provide input to SCAG with regard to:

- SCAG's development of its *draft* regional Integrated Growth Forecast and the resulting disaggregation of the Integrated Growth Forecast into smaller geographic levels [(County, subregion, city and TAZ (Transportation Analysis Zone)] based upon four major variables: population, employment, household and housing units.
- Refinement of SCAG's initial assessment of the housing capacity of cities as reflected in the Integrated Growth Forecast by further analysis of the AB 2158 planning factors required for SCAG's development of the Regional Housing Needs Assessment (RHNA).

These public workshops shall take place on the dates, times and locations set forth in Schedule of Workshops, attached hereto as Attachment "A."

Background/Purpose of the Workshops
In developing previous Regional Transportation Plans (RTP), SCAG's distribution of its growth forecast was aimed solely at providing the detail required to run the regional transportation model to assess the environmental, economic and quality of life aspects of the transportation network. Starting with the 2004 RTP, the process included the incorporation of land use growth visioning, and added non-regulatory land use maps to the databases used for transportation modeling. This resulted in a *draft* "Integrated Growth Forecast" which ties housing to transportation planning, and which will serve as the platform for several of SCAG's regional plans/projects, including the 2007 RTP, the Compass Blueprint, the Environmental Impact Report (EIR) for the 2007 RTP, and the RHNA.

SCAG has commenced the 4th cycle of the RHNA process required by the State in order for local jurisdictions to prepare updated General Plan Housing Elements. The Integrated Growth Forecast and SCAG's proposed allocation methodology, described herein in Attachment "B," are components of the RHNA process and provide initial information regarding a jurisdiction's capacity for housing and jobs. This information was presented to the subregion and local jurisdictions prior to the workshops, and is also available upon written request. The Integrated Growth Forecast also takes into account several of the local planning factors identified in state housing law, better known as the "AB 2158 factors" and listed herein in Attachment "C." A map depicting a jurisdiction's land use pattern in the draft Integrated Growth Forecast was also presented to the subregion and local jurisdictions prior to the workshops.

The purpose of the workshops is to develop a consensus land use scenario, and specifically, to receive public input and comments regarding the two bullets listed above. The workshops will be used to exchange information, identify potential areas of consensus, identify areas where SCAG will need to revisit the forecast, and facilitate public participation regarding the RHNA process.

Format of Workshops
Participants will gather in small groups (approx. 6-8 people). Each group will work at a facilitated table to review maps of the draft small area distribution of the region's Integrated Growth Forecast. Maps will show existing development, transportation features, and potential future growth. Using tools representing development types, participants can redirect growth as necessary. A facilitator will assist the group in correcting the small area forecast distribution and will be available for questions.

Participants will also be asked to assess factors related to housing capacity, especially the AB 2158 factors. The goal is for cities to work to refine the future locations of growth while working to maintain a consistent share of the region's growth within their subregion. The "on the ground" expertise of participants is critical to ensure that the distribution of growth matches a community's plans and is feasible.

Submitting Comments
SCAG encourages interested parties to submit written comments and/or written information prior to or at the workshops. In the event parties are not able to attend, but would like to provide input to the workshops, these parties are encourages to submit written comments to the address below. Please include "PUBLIC WORKSHOP REGARDING SCAG'S INTEGRATED GROWTH FORECAST/REGIONAL HOUSING NEEDS ASSESSMENT" in the heading or subject line of your submittal. In order to facilitate a meaningful exchange of information, local jurisdictions should submit written comments or information regarding local AB 2158 factors by the close of business October 26, 2006. Comments relating to SCAG's proposed allocation methodology as described in Attachment "B" herein may be submitted by the close of business December 6, 2006. Comments to be submitted electronically to johnson@scag.ca.gov, or by U.S. mail at:

Southern California Association of Governments
Integrated Growth Forecast/RHNA Workshop
Attention: Ma'Ayn Johnson
818 West West Seventh Street, 12th Floor
Los Angeles, California 90017-3435

Attachment "A" – Schedule of Workshops

1. **Monday. October 30, 2006 9:30am to 1:30pm**
   Western Riverside Council of Governments
   4080 Lemon Street, 1st Floor Conference Rooms 2A & 2B
   Riverside, CA 92501
   Contact: Rick Bishop, (951) 955-7985

2. **Monday, October 30, 2006 1:00pm to 5:30pm**
   San Gabriel Valley Council of Governments
   Garvey Community Center
   9108 Garvey Avenue
   Rosemead, CA 91770
   Contact: Nick Conway, (626) 564-9702

3. **Tuesday, October 31, 2006 9:30am to 1:30pm**
   Coachella Valley Association of Governments
   CVAG Offices
   73710 Fred Waring Drive, Suite 119
   Palm Desert, CA 92260
   Contact: Catherine McMillan, (760) 346-1127

4. **Wednesday, November 1, 2006 8:00am to 12:30pm**
   City of Los Angeles
   Los Angeles City Hall
   200 N. Spring Street, Room 1035
   Los Angeles, CA 90012
   Contact: Naomi Guth, (213) 978-1363

5. **Wednesday, November 1, 2006 1:00pm to 5:00pm**
   Imperial Valley Association of Governments
   El Centro Chamber of Commerce Board Room
   1095 S. 4th Street
   El Centro, CA 92243
   Contact: Rosa C. Lopez, (760) 482-4290

6. **Friday, November 3, 2006 8:00am to 12:30pm**
   Westside Cities Council of Governments
   Location to be determined
   Contact: Francie Stefan, (323) 848-6357

7. **Monday, November 6, 2006 1:00pm to 5:30pm**
   Gateway Cities Council of Governments
   16401 Paramount Blvd., 2nd Floor
   Paramount CA 90723
   Contact: Deborah Chankin, (562) 663-6850

8. **Tuesday, November 7, 2006 8:00am to 5:30pm**
   Orange County Council of Governments
   Huntington Beach City Hall
   2000 Main Street
   Huntington Beach, CA 92648
   Contact: Annabel Cook, (714) 972-0077

9. **Tuesday, November 7, 2006** **1:00pm to 5:30pm**

San Bernardino Associated Governments
1170 W. 3rd Street, Super Chief Room
San Bernardino, CA 92410-1715
Contact: Ty Schuiling, (909) 884-8276

10. **Wednesday, November 8, 2006** **8:00am to 12:30pm**

North Los Angeles County
City of Santa Clarita City Hall
23920 Valencia Blvd
Santa Clarita, CA 91355
Contact: Lori Lile, (661) 267-5211

11. **Wednesday, November 8, 2006** **1:00pm**

Las Virgenes Malibu
Agoura Hills Civic Center
3001 Ladyface Court
Agoura Hills, CA 91301
Contact: Terri Dipple, (818) 968-9088

12. **Thursday, November 9, 2006** **8:00am to 12:30pm**

South Bay Cities Council of Governments
Carson Community Center
701 E Carson Street
Carson, CA 90745
Contact: Jacki Bacharach, (310) 377-8987

13. **Thursday, November 9, 2006** **1:00pm to 5:30pm**

Ventura Council of Governments
Camarillo City Hall, Council Chambers
601 Carmen Drive
Camarillo, CA 93010
Contact: Wally Bobkiewicz, (805) 525-4478

14. **Monday, November 13, 2006** **1:00pm to 5:00pm**

Arroyo Verdugo
Buena Vista Library
300 North Buena Vista Street
Burbank, CA 91505
Contact: Elaine Aguilar, (818) 548-4844

Attachment "B" – Description of SCAG's proposed Allocation Methodology

The foundation of SCAG's proposed Allocation Methodology is the "Integrated Growth Forecast", which represents the most desired growth scenario for the Southern California region in the future because it ties housing to transportation planning. The growth scenario includes the size and distribution of growth in the SCAG region. It is based on a combination of recent and past trends, reasonable key technical assumptions, and existing and new local or regional policy options. The Integrated Growth Forecast at the regional and small area level are the basis for developing the Regional Transportation Plan (RTP), Environmental Impact Report (EIR), Compass Blueprint Plan, and the Regional Housing Needs Assessment (RHNA). The development of the Integrated Growth Forecast is driven by a principle of collaboration between the regional and local jurisdictions who are major contributors in the process. Integration of the output from the regional and local forecasts is achieved through joint efforts and collaboration among the various contributors.

In February 2005, SCAG's Community, Economic and Human Development Committee (CEHD) approved and directed staff to proceed with the 2007 RTP Growth Forecast Update Process, currently known as the 2007 Integrated Growth Forecasting process for the 2007 RTP/EIR/RHNA and Compass Blueprint. SCAG's Plans & Programs Technical Task Force (P&P TAC) also assisted in the process by providing technical and policy input. Policy Committees of the Regional Council were periodically informed of progress and provided direction to the process.

Development of the Integrated Growth Forecast

Development of the Integrated Growth Forecast involves several steps. This first step entailed an analysis of recent regional growth trends and the collection of significant local plan updates. A variety of large area estimates and projections are collected from federal and state governments. The major government sources included information from the U.S. Census Bureau, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Internal Revenue Service (IRS), U.S. Citizenship and Immigration Services, Department of Health and Human Services, California Department of Finance (DOF), California Employment Development Department, and information received through the Intergovernmental Review process. Small area estimates and projections were also available from aerial land use data, data from ES202, CTPP, general plan, parcel level data from tax assessor's office, building permits from Construction Industry Research Board and demolition data from the DOF.

The next steps involved the review and update of the 2004 regional growth forecast methodology used as part of SCAG's 2004 Regional Transportation Plan and key assumptions. The widely used methodology included the cohort-component method and the shift-share method. The key technical assumptions included updates regarding the fertility rate, mortality rate, net immigration, domestic in-migration, domestic out-migration, labor force participation rates, double jobbing rates, unemployment rates, and headship rates.

Thereafter, a review and update of existing regional growth policies and strategies, including Compass Blueprint strategies, economic growth initiatives, Goods Movement strategies, etc. were assessed. Relevant analysis also included general plan capacity analysis, demonstration projects, regional growth principles, polling and focus groups, public workshops, and I-PLACE3S.

The next step is to develop and evaluate the draft regional Integrated Growth Forecast scenarios with small area distributions. Regional growth forecast scenarios are developed and allocated into the smaller geographic levels using public workshops and I-PLACE3S. The small area distributions of the regional growth are evaluated using transportation and emission modeling results and environmental impact review.

The last step is to select and adopt a preferred regional growth forecast. A regional growth scenario with selected small area distributions is developed using transportation and environmental performance measures. The Regional Council adopts a regional growth forecast.

An organized forecasting decision making process is required to develop a consensus regional growth forecast in an efficient, open, and fair way. A variety of groups or input involved in the forecasting process include panel of experts, subregional/local review, stakeholders/data users, public outreach, technical committee, policy committee, and the Regional Council.

Consistent with the timelines and tasks specified in the forecasting process flow chart, Community Development/Forecasting staff, with helps from subregions, cities, and subregional coordinators, completed the following tasks during 2005.

1. Conduct survey of local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patters envisioned in the 2004 RTP/Growth Vision policy forecast.
2. Provided Transportation Modeling Division the extended Year 2000 socio-economic data set for new model development and calibration.
3. Collaborating with subregions/local jurisdictions, reviewed and revised the 2003 base year small area distribution of employment, population, and household, and completed/delivered the 2003 extended socio-economic data set to Modeling Division.
4. Conducted survey of subregions/local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patterns envisioned in the 2004 RTP/growth vision policy forecast.
5. Requested and received inputs from subregions regarding their perspectives of future growth in population, employment and household.
6. Reviewed and presented recent trends in population, employment and household growth and completed preliminary 2007/08 RTP no-project growth forecasts at regional/county/subregion level.

So far in 2006, with additional assistance from the 2007 integrated growth forecasting consultant teams, the following major milestones were accomplished for the integrated 2007 RTP/EIR/RHNA growth forecasting process:

- January 2006: Working with consultant, convening the Panel of Experts to review and comment on 2007 RTP/EIR/RHNA growth forecast at regional/county/subregion level.
- February 2006: Counties/subregions and local jurisdictions are invited to present their perspectives on growth and any pertinent growth issues to SCAG staff and the Panel of Experts.
- March – August 2006: Presented the updated 2007 RTP/EIR/RHNA growth forecasts at region and county levels to the Plans & Programs Technical Advisory Committees and Panel of Experts (the process in developing the methodology is attached).
- September 7, 2006: Discussed the 2007 integrated growth forecasts at region/county level as well as forecasting and RHNA Pilot issues/questions with the Plans and Programs Technical Advisory Committee in their special meeting.
- September 14, 2006: The CEHD approved and directed staff to proceed with the disaggregation of the *draft* 2007 integrated regional/county forecasts into smaller geographic levels and scheduling of subregion/local jurisdiction workshops and inputs process.

For detailed procedures of developing baseline growth forecasts, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

Development of Allocation Methodology

For purposes of undertaking RHNA and developing an allocation methodology, SCAG has utilized the information generated as part of the development of the draft regional Integrated Growth Forecast. The Draft Integrated Growth Forecast of household growth in 2014 is the starting basis for RHNA planning. At the regional level, total regional household growth projected between 2005 and 2014, plus vacancy and replacement adjustments is the draft construction need for the region (se below for detail).

The household forecast for each county in year 2014 provided by the Draft Integrated Growth Forecasts is the start of the RHNA allocation plan at county level. Similarly, the household forecast for each jurisdiction, including unincorporated areas within each county in the year 2014 is the start of the RHNA allocation plan at jurisdictional level.

Each jurisdiction's household distribution using county level median household income based on Census 2000 is the starting basis for RHNA housing allocation plan by income category.

Consideration of several local AB 2158 planning factors has been incorporated in the draft Integrated Growth Forecast by way of analysis of aerial land use data, employment and job growth data from the ES202 data base, Census Transportation Planning Package data, general plan, parcel level property data from tax assessor's office, building permit, demolition data and forecast surveys distributed to local jurisdictions.

However, because the draft Integrated Growth Forecast arguably does not adequately address some of the AB 2158 factors, such as loss of units contained in assisted housing developments, high housing costs burdens, and the housing needs for farm workers, the allocation methodology will depend on the outcome of policy recommendations of SCAG's CEHD RHNA Subcommittee, which will be subject to review and approval by SCAG's Regional Council. In addition, the allocation methodology is dependent on obtaining additional information from local jurisdictions regarding the AB 2158 factors as a result of the subregional workshops. Planning factors not adequately may be addressed by adding data and/or statistics from 2000 Census to the "existing needs" portion of the RHNA, or through application of policy recommendations.

Specifically, the AB 2158 factors have been considered in the draft Integrated Growth Forecast Process as follows:

(1) Each member jurisdiction's existing and projected jobs and housing relationship

The resulting job/housing relationships are appropriately maintained for all local jurisdictions throughout the forecasting/planning horizon.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following, (i) lack of sewer or water service due to laws or regulations, (ii) the availability of land suitable for urban development or for conversion to residential use, (iii) lands preserved or protected from urban development under governmental programs designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, and (iv) county policies to preserve prime agricultural land within an unincorporated area:

The Integrated Growth Forecasting Process started with extensive survey of all local jurisdictions regarding their land use and constraints. All subregions/local jurisdictions are invited to provide SCAG their respective growth perspective and inputs. In addition, Compass 2% growth opportunity areas are identified throughout the region to redirect growth favoring an urban form consistent with regional mobility and air quality goals.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plan and opportunities to maximize the use of public transportation and existing transportation infrastructure.

The distribution reflects the results of the "Integrated Growth Forecasts."

(4) The market demand for housing

All indicators of market demand, such as trends of building permits, household growth, employment growth and population growth are built in the forecasting methodology and model throughout all geographic levels.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county

This is addressed through extensive survey of all local jurisdictions and subregion/local jurisdiction inputs/comments process.

(6) The loss of units contained in assisted housing development.

Not addressed in the draft Integrated Growth Forecast.

(7) High housing costs burdens.

Not addressed in the draft Integrated Growth Forecast.

(8) The housing needs of farmworkers.

The Integrated Growth Forecasts did provide projection of agricultural jobs (wage and salary jobs plus self employment) by place of work. The corresponding requirements of workers were also provided by place of residence. There is no information regarding the forecasts of migrant workers.

(9) Others factors adopted by the council of governments.

To date, SCAG has not adopted any other planning factors to be considered as part of the allocation methodology.

To date, the draft allocation methodology is based upon the draft Integrated Growth Forecast having produced four major variables: (1) Population; (2) Employment; (3) Households and (4) Housing Units, broken down into the following geographic levels: SCAG region, County, Subregion, Local jurisdictions, and Transportation Analysis Zone (TAZ). All variables will be published for the region, county, subregion, and TAZs at five year increments. For the RHNA planning purpose and requirements, city level figures will also be provided for the year 2014.

Draft methodology at the regional level:

Total regional construction needs between 2005 and 2014 = Household growth between 2005 and 2014 adjusted by (1) 2000 Census vacancy rates and (2) replacement needs based from data the Department of Finance (DOF).

SCAG Region household growth between 2005 and 2014: 684,318

(Source: Draft 2007 Integrated Growth Forecast)

Vacancy rate: 2.7%

(Source: 2000 Census, weighted by for sale vacancy rate of 1.7% and for rent vacancy rate of 3.8%)

Replacement Needs: 29,403

(Source: Based on the nine-year average between 1997 and 2005 of demolition permits reported to the DOF.)

Total Regional Construction Needs: 732,710 = [684,318 / (1 – 2.7%)] + 29,403

Draft allocation methodology at all levels below the region:

Repeat the above procedures, except utilizing county, subregional, and city level figures.

Draft Forecasting/Allocation Methodology at the Region/County Level:

The allocation results of the four major variables—population, households, employment and housing units—from the Integrated Growth Forecasts are attached for subregion/local jurisdiction workshops. Following are simple description of the methodology.

The regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

A. Population forecasts

Two factors account for population growth: natural increase (which is the balance between births and deaths) and net migration (which is the balance between the number of people coming and leaving the region).

Net migration is differentiated between domestic migrants (people moving in and out of the region to other parts of the nation, immigrants (legal and undocumented) moving to the region from other countries.

$$\text{2030 POPULATION} = \text{2000 POPULATION} + \text{NATURAL INCREASE} + \text{NET MIGRATION}$$

SCAG projects regional population using the cohort-component model. The model computes the population at a future point in time by adding to the existing population the number of group quartered population, births and persons moving into the region during a projection period, and by subtracting the number of deaths and the number of persons moving out of the area. This process is formalized in the demographic balancing equation.

The fertility, mortality and migration rates are projected in five year intervals for eighteen age groups, for four mutually exclusive ethnic groups: Non-Hispanic White, Non-Hispanic Black, Non-Hispanic Asian and Hispanic. The birth rates are also projected by population classes: residents (and domestic migrants) and international migrants.

SCAG links population dynamics to economic trends, and is based on the assumption that patterns of migration into and out of the region are influenced by the availability of jobs. The future labor force supply is computed from the population projection model by multiplying civilian resident population by projected labor force participation rates. This labor force supply is compared to the labor force demand based on the number of jobs projected by the shift/share economic model.

The labor force demand is derived using two step processes. The first step is to convert jobs into workers using the double job rate. The double job rate is measured by the proportion of workers holding two jobs or more to total workers. The second step is to convert workers into labor force demand using the ideal unemployment rate. If any imbalance occurs between labor force demand and labor force supply, it is corrected by adjusting the migration assumptions of the demographic projection model. Adjustment of migration assumptions is followed by total population changes.

The county forecasts are developed by analyzing the difference between the sum of initial county forecasts and the regional independent projections. If results are significantly divergent, input data at the county level is adjusted to bring the sum of counties projection and the regional independent projections more closely in line. Complete agreement between two projections is not mandatory. After analysis, the sum of counties constitutes the regional forecasts.

B. Employment forecasts

Employment forecasts utilize a top down procedure starting with a U.S. forecast, followed by California, and finally the SCAG region and counties. The regional employment forecasts will interact with the regional population forecasts.

The first step is to project the U.S. labor force based on projections of total population and labor force participation rates. Total jobs are projected from total labor force, unemployment rate, and the ratio of total jobs to employed residents. Total jobs are then projected to a one-digit industry code based on historical trends of the one-digit shares of U.S. total jobs.

The second step is to forecast California total jobs for each forecast year based on U.S. total jobs and the job share of California to U.S. for each forecast year. California total jobs are then projected to the one-digit industry code based on historical trends in the one-digit shares of California total jobs.

The third step is, to forecast regional total jobs for each forecast year based on California total jobs and the job share of the SCAG region to California for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of SCAG regional total jobs.

The fourth step is to forecast county total jobs for each forecast year based on regional total jobs and the job share of each county to the SCAG region for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of county total jobs. The preliminary are adjusted by future aging patterns and related labor force patterns of each county.

C. Household Forecasts

A household includes all the persons who occupy a housing unit as their usual place of residence. By definition, the count of households or householders is the same as the count of occupied housing units for 100-percent tabulations.

SCAG projects regional households by using headship rate method. The projected households at a future point in time are computed by multiplying the projected resident population by projected headship rates. The headship rates are projected by age, sex, and race/ethnicity.

Headship rate is the proportion of a population cohort that forms the household. It is specified by age and ethnicity. Headship rate is projected in five year intervals for seven age groups (for instance, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75+), for four mutually exclusive ethnic groups.

D. Household Unit Forecasts

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from outside the building or through a common hall. Both occupied and vacant housing units are included in the housing unit inventory.

A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by persons who have a usual residence elsewhere are also classified as vacant. Vacant units include vacant units for: sale only; rent only; seasonal, recreational, or occasional use; migrant workers; rented or sold, not occupied; other.

SCAG projects regional housing units by using “total vacancy rate method.” The projected housing units at a future point in time are computed by dividing the projected households by occupancy rates (e.g.,1- total vacancy rates). Total vacancy rate is calculated by dividing the number of total vacant units by the number of total housing units.

For detailed methodology and assumptions of the Integrated Growth Forecasts at regional level, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac031606_SCAGBaselineForecastREV0404.pdf
and at county level, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

E. Considering Policy Impacts

It should also be noted that the regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

Preliminary 2004 RTP growth forecasts update is completed by incorporating two regional policies into the baseline growth forecasts. There are two regional policies that will affect future size and distribution of baseline forecasts of employment, population, households, and housing units: one is Compass/Blueprint; the other one is private sector investment.

Given the fact Compass/Blueprint does not affect the growth and distribution at the county level, the private sector investment only will be considered to influence the future growth and distribution at the county level.

First, the regional job impacts of private investment are calculated for 20 NAICS sectors (by 2-digit) based on input-output analysis. These job impacts are distributed to counties based on growth share methodology for each sector.

Second, further adjustment was made based on 2004 RTP job distribution. Third, the regional job impacts are translated into the regional population adjustment using the economic-demographic model. Additional population is distributed to counties following the additional household adjustment.

Fourth, population adjustment is translated into households by using the household projection model. The regional household adjustment is distributed to counties following the county distribution of additional jobs.

Fifth and last, additional household adjustment is translated into housing units by using the total vacancy rate. The regional housing unit adjustment is distributed following the county distribution of additional households.

Please see http://scag.ca.gov/rtptac/pdf/2006/tac081706_Forecast.pdf for assessing regional policy impacts and allocating county distribution.

Draft Forecasting/Allocation Methodology at City Level:

The overall framework for the city level demographic forecasts is provided by the household (occupied housing units) method. This approach is widely accepted and applied in forecasting socioeconomic growth for smaller geographic areas. The household method consists of the following three major projection components: housing units, households (occupied housing units) and population.

A. Population Forecasts

City population is projected as the group quarters population plus the product of households and average persons per household (PPH). The average number of persons per household is projected using the historical trend and the updated county PPH. Group quarters population is projected using its ratio to total population from the 2000 Census, which is assumed to remain constant during the projection horizon.

B. Employment Forecasts

The distribution of county jobs to city applies a “constant-share” approach to calculate city employment. Based on constant-share approach, city job growth is a function of city share to county jobs for each sector and future county job growth. If a city in Los Angeles county is specialized in a specific industry (e.g., manufacturing), its future job growth will be affected by future reduction of manufacturing jobs of Los Angeles county. The constant-share approach provides a reasonable job estimates for the future, which form a reasonable basis for future subregional input process.

C. Household Forecasts

The draft city household forecasts reflect long term growth patterns incorporated in the 2004 RTP forecasts, recent trends, and updated county household forecasts.

- Each local jurisdiction's household growth was first projected by using the "Constrained Exponential Growth Equations" with their respective long term historical trend data between 1980 and 2000.
- "Constrained" in the above methodology is to ensure that all local jurisdictions add up to county total.
- Provide the projected household growth to all local jurisdictions for comments and inputs and make adjustments accordingly.
- Adjust forecasting errors—actual 2005 vs. forecasted 2005—and apply to 2035.
- Control to revised county forecasts from the 2007 Integrated Growth Forecasts.

The household forecast for all local jurisdictions and unincorporated areas are attached for subregion/local jurisdiction workshops. The household growth between 2005 and 2014 forecasted for each local jurisdiction, plus replacement and vacancy adjustment is the starting allocation for the RHNA construction need.

D. Housing unit Forecasts

The projected housing units are computed by using the projected households and *total vacancy rate*. The city level total vacancy rate is based on the 2000 Census, and it is assumed to remain constant during the projection horizon.

Attachment "C" – AB 2158 factors

The "AB 2158 factors" identified in the state housing law [*see,* California Government Code §65584.04(d)] that will be discussed at the workshops are described below, along with suggestions on how they may be considered as part of the RHNA allocation methodology:

- Existing and projected job housing balance. Housing distributions should be related to employment centers and growth locations to reduce commutes; vehicle miles traveled congestion and improve housing availability, where appropriate. Each jurisdiction's projected share of employment could be used as a basis for adjusting housing allocations, especially when there is a mismatch between residential development expected and employment growth across a region or subregion.

- Lack of sewer or water service due to federal and state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period. This factor may be difficult to use in an allocation methodology designed to determine shares of housing need between communities. It is a physical / fiscal constraint that temporarily curbs growth potential and may be difficult to distinguish from growth caps that are prohibited by the housing statute. As an allocation factor it could be used in conjunction with a developable land measure.

- The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. This type of consideration is usually provided through local and subregional input into the regional growth forecast. This factor may also be used in conjunction with a developable land measure.

- Lands preserved or protected from urban development under existing federal and state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis. This is a primary input and consideration in the regional growth forecast and is incorporated in potential desegregations.

- County policies to preserve agricultural land. The protection of prime agricultural land is also a prime consideration in the regional growth forecast as a non-desegregation factor.

- The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure. This factor is addressed through the integrated growth forecast for the Regional Transportation Plan and Compass Blueprint or growth vision. It is the basis for all regional plans, including the RHNA.

- The market demand for housing. The housing statute calls for all jurisdictions to receive a housing allocation. The market demand for housing is considered as a function of population and employment growth in the regional growth forecast and local input.

- County policies to preserve prime agricultural land within in unincorporated area. The regional growth forecast basis itself on subregional and local input on where growth should and should not occur. This land use input is incorporated into the regional growth forecast.

- The loss of units contained in assisted housing developments. This is a local planning consideration which affects the proportion of affordable housing needed within a jurisdiction. However, SCAG has prepared detailed projections of units at risk of conversion from subsidized affordable housing to market rate housing for both expiring federal Section 8 projects and federal and state Low Income Housing Tax Credit projects so communities may see the collective impact of such conversions over the local housing element planning period.

- High housing costs burdens. An allocation factor could assign more housing to high housing cost jurisdictions relative to lower housing cost jurisdictions based on the regional or county average housing cost.

- Needs of farm workers. In addressing the needs of farm workers, a subregional rather than a regional factor should be considered because farm worker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas.

- Other considerations as adopted by SCAG. Other factors beyond those in the RHNA housing statute may be considered by SCAG and suggestions are welcome. At this point in the RHNA process, SCAG has not adopted any other considerations for purposes of developing the allocation methodology.